

2019 Key Channel Trends

Today's Conversation



▶ IoT



▶ Application Development



▶ Cloud



What to watch for in IoT in 2019



1. Market Ready solutions have potential to open up IoT market to more solution providers
2. IoT vendor landscaping is changing and some entrants have the potential to changing the game
3. Partnering with other partners (formal and field based) will continue to be a critical success factor

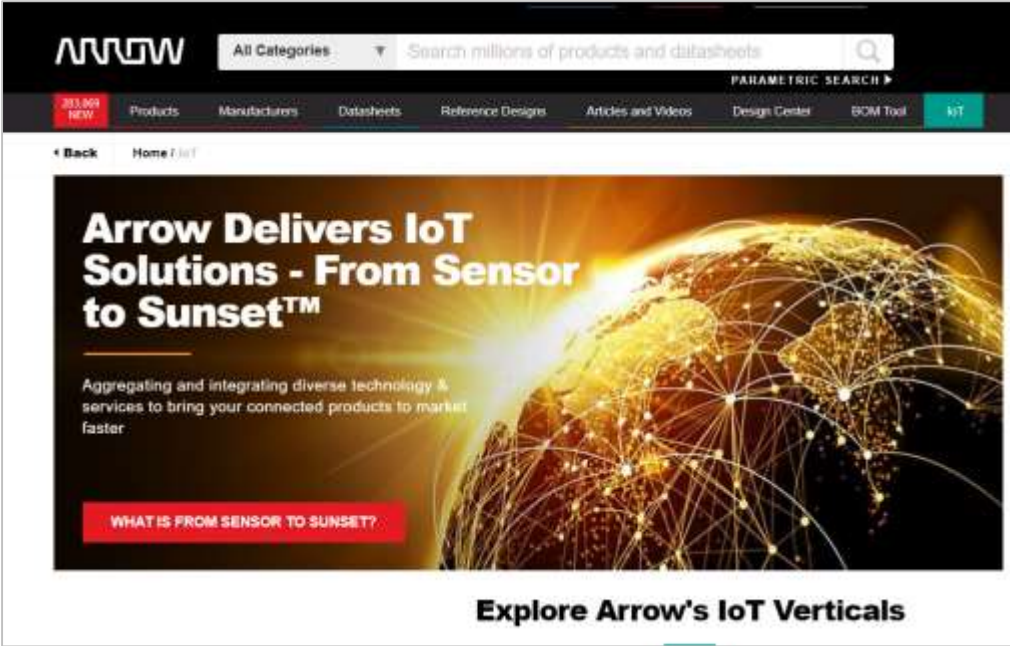
1: Market Ready solutions have potential to open up IoT market to more solution providers



INTEL® IOT MARKET READY SOLUTIONS HARNESS THE POWER OF IOT DATA TO HELP BUSINESSES SOLVE INDUSTRY CHALLENGES

<p>PROVEN END-TO-END SOLUTIONS</p> <p>Confidently deploy comprehensive solutions built on tested technology and a legacy of IoT leadership.</p> <p>102+ INTEL® MKS</p>	<p>AN ECOSYSTEM OF IOT PIONEERS</p> <p>Leverage the disruptive transformation provided by a robust open IoT ecosystem comprising developers, OEMs, solution providers, and OEs.</p> <p>14 PRIORITY USE CASES</p>	<p>ROAD-TESTED FOR INCREASED AGILITY</p> <p>Accelerate IoT adoption with commercially deployed and fully supported Intel® MKS—speeding time to market, revenue, and ROI.</p> <p>25 CRITICAL ASSESSMENT CRITERIA</p>
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Deploy Tomorrow, Today
Get ahead of the curve and accelerate time to market.
Intel® IoT Market Ready Solutions



2018
16%
of solution providers have completed one or more digital transformation engagements

2019
22%
of solution providers have completed one or more digital transformation engagements

IoT vendor landscaping is changing and some entrants have the potential to change the game

The screenshot shows a CRN article from January 02, 2019. The article title is "10 Hot IoT Companies To Watch In 2019". The sub-headline reads: "CRN takes a look at 10 hot Internet of Things companies, both established and new, that are set to make big moves in 2019 after raising funding rounds, announcing new products and landing big partnerships." The author is Dylan Martin. The article features a main image of a person standing on a rooftop with a city skyline and a network diagram overlay. A sidebar on the right shows a social media share menu with options like Print, Pinterest, Email, Email App, Tumblr, Messenger, and More... (184). Below the main image, there is a section titled "We Get It, IoT Growth Is Happening" and a quote: "At this point, it may seem like overkill to point out the point... bound to happen in the Internet of Things... how it will create new... from a...". A banner at the bottom of the article states: "IDC predicts \$1.2T in IoT business spending by 2022".



Partnering with other partners (formal and field based) will continue to be a critical success factor


IoT Critical Success Factors

Key OT IoT Skills:

- Relationships with key IoT Biz Decision Makers
- Custom App Development Skills
- Vertical Market Biz Process Consultants
- Advanced Edge Security Skills

IT System Integrator – partnering at the edge to deliver innovative IoT solutions

THE CHANNEL CO. CRN TRIPLE CROWN WINNER 2016

Traditional IT SI	to	Partnering for IoT
<p><i>Summary</i></p> <ul style="list-style-type: none">• “We are a SI (transitioned from pure VAR) – now very solutions focused• We are a woman owned business – that has opened some doors and conversations at conferences that have been helpful• Company saw an opportunity, made a decision to focus on asset tracking, brought in vertical market expert from HPE to lead <p>Once you start talking about tracking assets you need sensors – and that gets us to IoT”</p>	 <p>Can our solution solve that directly? If not we need to bring in a partner.</p> <p>Point solution partners – edge specialists – those are who we look to work with</p>	<p><i>Summary</i></p> <ul style="list-style-type: none">• “Initial opportunity focus was around manufacturing, oil and gas and utilities, but moving to Healthcare and then State & Local Government• Partnered with RFID expert to develop a cloud solution for large oil & gas distributor – we were the prime• Another RFID specialist brought us in to link and analyze data on muffin racks (yes, muffins) – we were the sub <p>We are very partner centric – look to close gaps through partnering where we can.”</p>

“Many think they are just going to do it all themselves. They really don’t have the ability to connect to the legacy processes”

THE CHANNEL CO. 23

“...strategically partnering with other companies.... Small lighting opportunity...that leads to more IT (and other OT) solutions that we can be involved in..”

IT SI in Houston (BTW.. Got initial leads on who to part with from Cisco

Supplier Considerations So what should you do about this?

Vendors should ...

- 1** Be able to effectively articulate how your offerings fit into cross vendor solutions (remember the partner business value proposition)
- 2** Continue to develop and enhance partner to partner engagement models
- 3** As individuals, start to understand the new up and coming vendors community



APPLICATION DEVELOPMENT

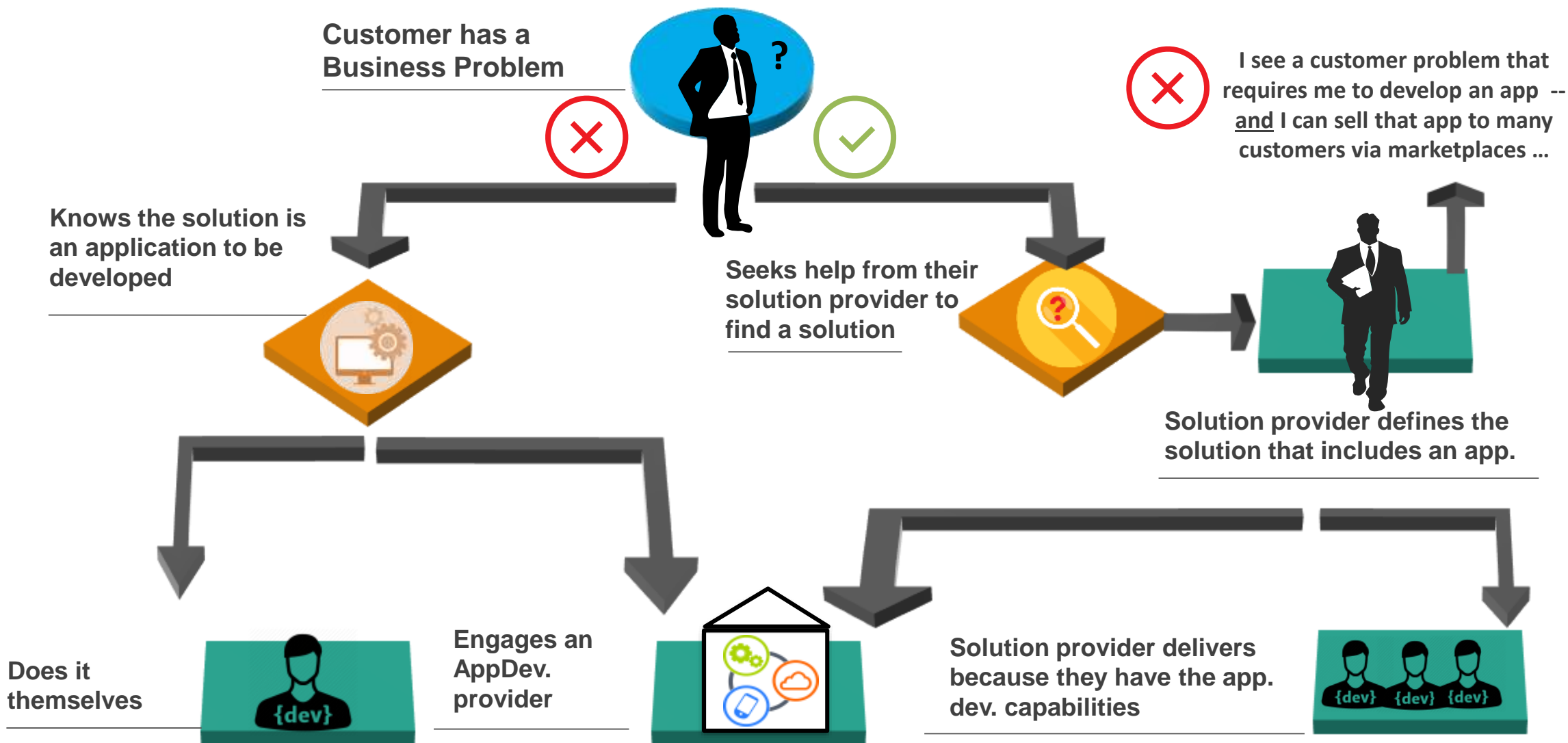


Importance of Application Development skills in the channel?



1. More and more solution providers have realized that application development skills is a key differentiator.....*investment will continue*
2. “low code / no code” solutions should continue adoption because they put less pressure on need for highly trained developer skills...*still nascent, but could change the game*
3. Application development is a core component in many IoT and or digital transformation initiatives...*difficult to compete without some capabilities today*

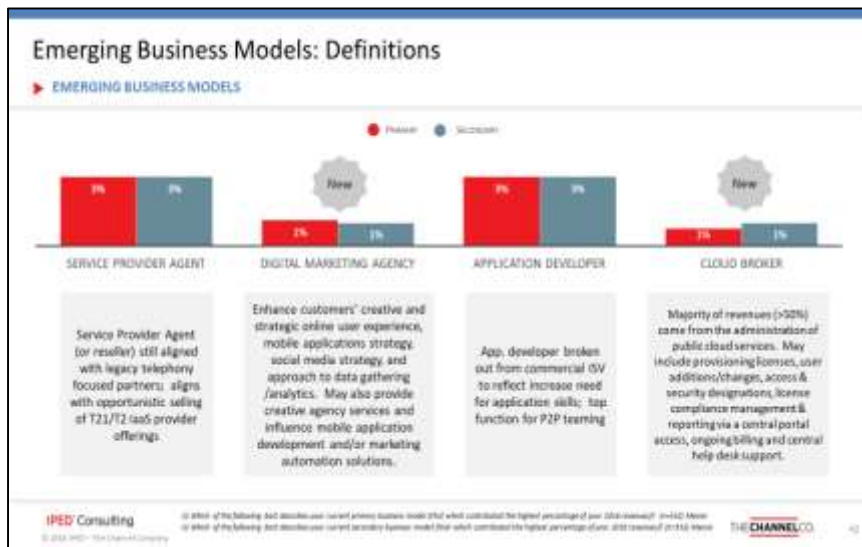
Primary Customer Scenario: Solution Providers with App. Dev. Capabilities



⊗ Note: This perspective is not intended to state that this scenario does not exist nor is it not important. This slide is intended to represent what was the primary customer motion from the majority of the solution providers included in this study.

How Many Solution Providers Have an Application Development Practice?

Our data says....



Still a small part of the community have an application development practice



- ~28% claim to have an application development practice of some kind
- ~6% stated as their primary or secondary business model

Most have had an application development practice for over 5 years (79%)

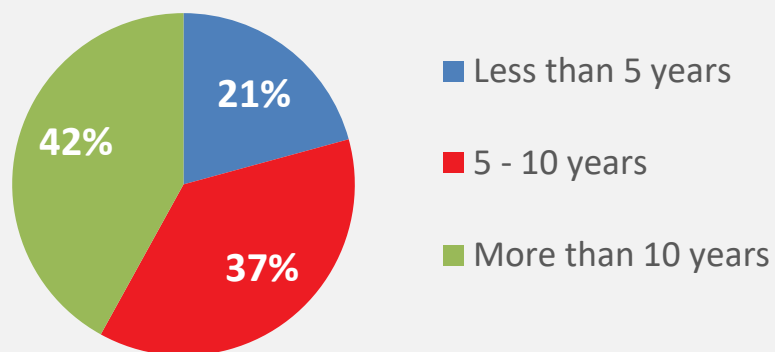
New market entrants (< 5 years) are not necessarily new companies

- Average company age = **16 years**

Application Development practices within the CRN Solution Provider 500

- 2014 – **32%**
- 2017 – **43%**

LENGTH OF TIME WITH APPLICATION DEVELOPMENT PRACTICE

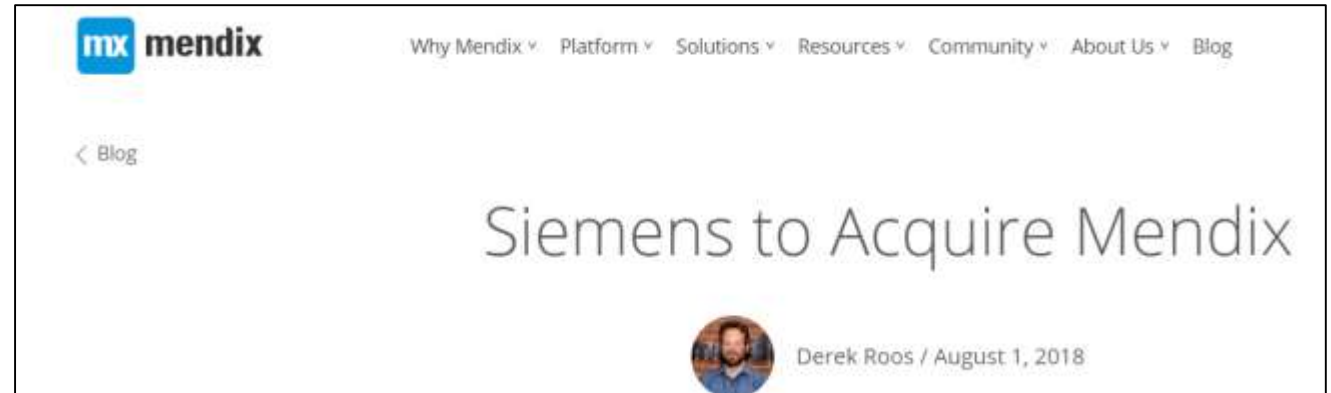


“low code / no code” solutions should continue adoption because they put less pressure on need for highly trained developer skills...

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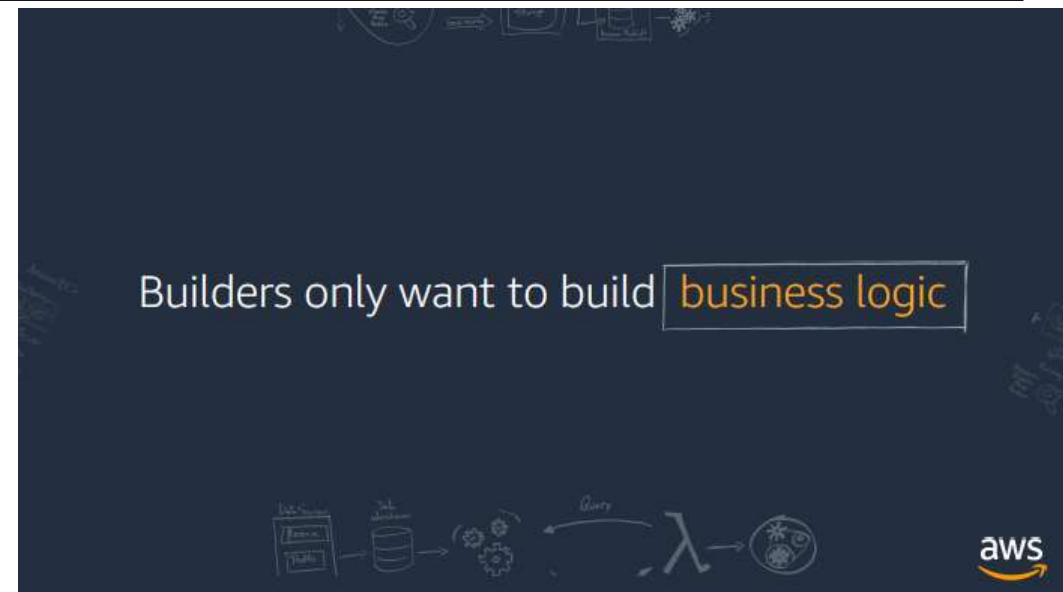


The screenshot shows a red header with the CIO logo and a navigation menu. Below the header, there is a sub-header 'INSIDER FEATURE' and the main title 'The high returns of low-code development tools'. A short paragraph follows, stating that low-code tools are emerging as a key strategy for business transformation. Below the text are social media sharing icons and a small profile picture of Bob Violino, a contributing writer for CIO.



The screenshot shows the Mendix website header with navigation links. Below the header, there is a 'Blog' breadcrumb and the main title 'Siemens to Acquire Mendix'. A circular profile picture of Derek Roos is shown next to the author name 'Derek Roos / August 1, 2018'.

A report from research firm Research and Markets published in early 2018 predicted that the global low-code development platform market will grow from **\$4.32 billion in 2017 to \$27.23 billion by 2022**, a compound annual growth rate (CAGR) of **44%** during the forecast period.



The slide features the text 'Builders only want to build business logic' in white and orange. Below the text is a diagram illustrating a low-code architecture. It shows a flow from a 'Data Source' (represented by a database icon) through a 'Query' step to a 'Lambda' function (represented by a lambda symbol icon), which then connects to a 'Business Logic' icon. The AWS logo is visible in the bottom right corner.


Application development is a core component in many IoT and or digital transformation initiatives...

difficult to compete without some capabilities today

Looking Forward

Violent Agreement, Though Differing Magnitude Regarding the Top 4 OT Skills Going Forward:

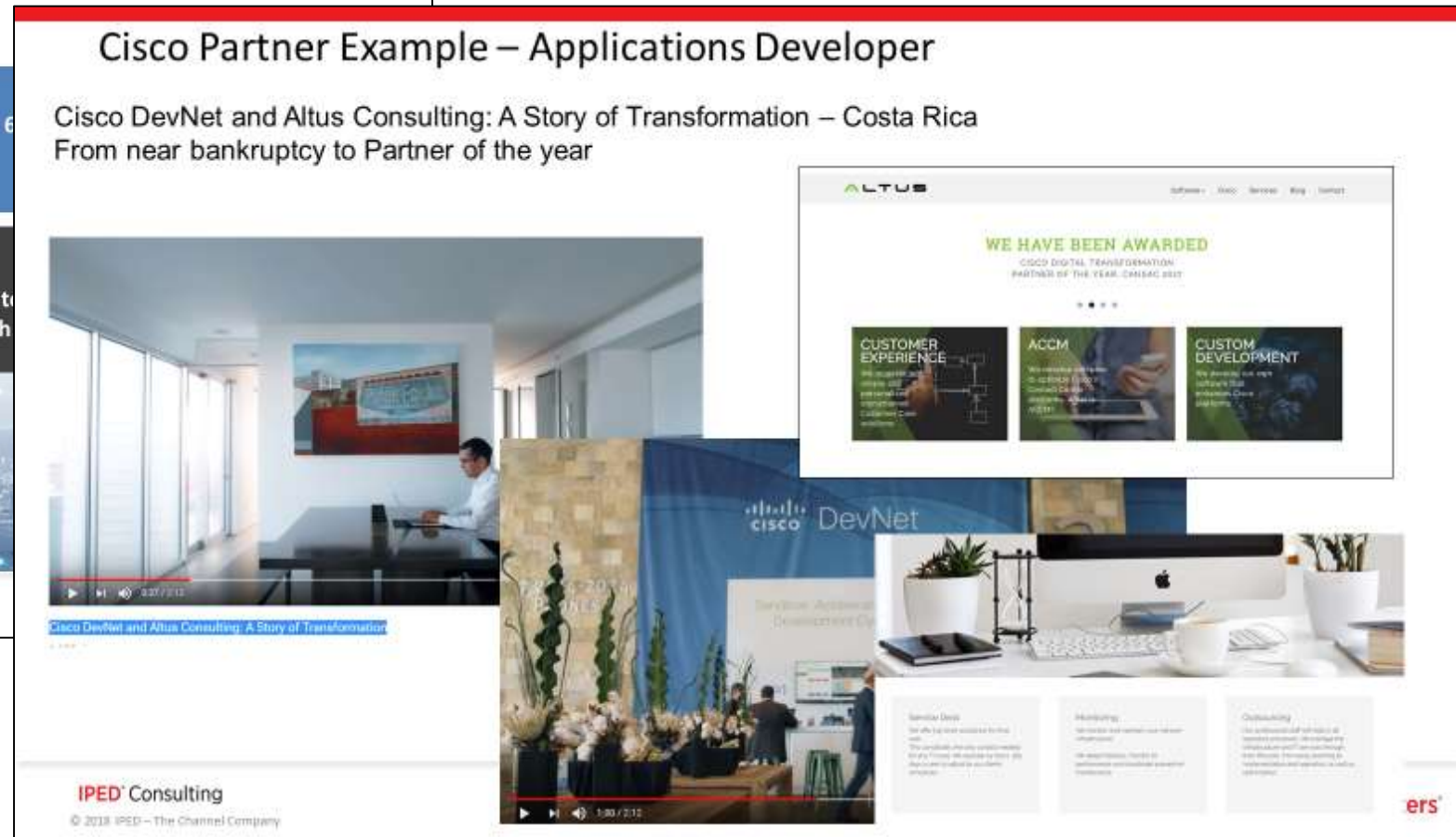
- 1 Relationships with key IoT Biz Decision Makers
- 2 Custom App Dev Skills
- 3 Vertical Market Biz Process Consultants
- 4 Advanced Edge Security Skills



IPED Consulting
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Cisco Partner Example – Applications Developer

Cisco DevNet and Altus Consulting: A Story of Transformation – Costa Rica
From near bankruptcy to Partner of the year



Altus

WE HAVE BEEN AWARDED
CISCO DIGITAL TRANSFORMATION PARTNER OF THE YEAR (CDSIAC 2017)

CUSTOMER EXPERIENCE

ACCM

CUSTOM DEVELOPMENT

Cisco DevNet

IPED Consulting
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As of mid-2018, Cisco DevNet Hits 500,000 Members

Partner Perspective



Phillip Walker
CEO

Network Solutions Provider

An advertisement for Network Solutions Provider. The background is a dark blue image of three people (two men and one woman) looking at a laptop screen. The text is white and yellow. The logo is in the top right corner.

NETWORK SOLUTIONS PROVIDER

(RE) ENVISION MORE FOR YOUR BUSINESS

THE RIGHT TECHNOLOGY TO GROW YOUR BUSINESS NOW

Technology solutions for businesses that solve today's business challenges and offer opportunities for tomorrow.

Optimized business is an excellent fit for improving a business approach to IT Cost. This brings cloud-like agility and simplicity into the business and will position IT to transform itself better to address business challenges. Benefits include the ability to move to a variable cost structure from a capital expenditure model to a pay-as-you-go/grow capacity to deliver IT as a service.

[I WOULD LIKE TO EMPOWER MY BUSINESS TO DO MORE >](#)

Supplier Considerations So what should you do about this?

Vendors should ...

- 1 ensure channel partner programs are closely linked to developer programs.
- 2 add application development to partner profile for 3rd pillar SSP-Next Gen partner criteria; partners without capabilities may be limited in their “solutions focused” delivery
- 3 consider developing (or improving) and actively promote P2P programs that could provide skilled development resources to existing partner base
- 4 ensure application development value proposition is geared around “customer engagements” in addition to marketplace GTM



CLOUD



Partner Perspective



Cloud-native solution provider, catering to SMB customers looking to leverage the cloud for IT business value:

- 60% of revenues from services
- 75% of services are recurring
- Early adopter of two major cloud platforms



Cumulus Global

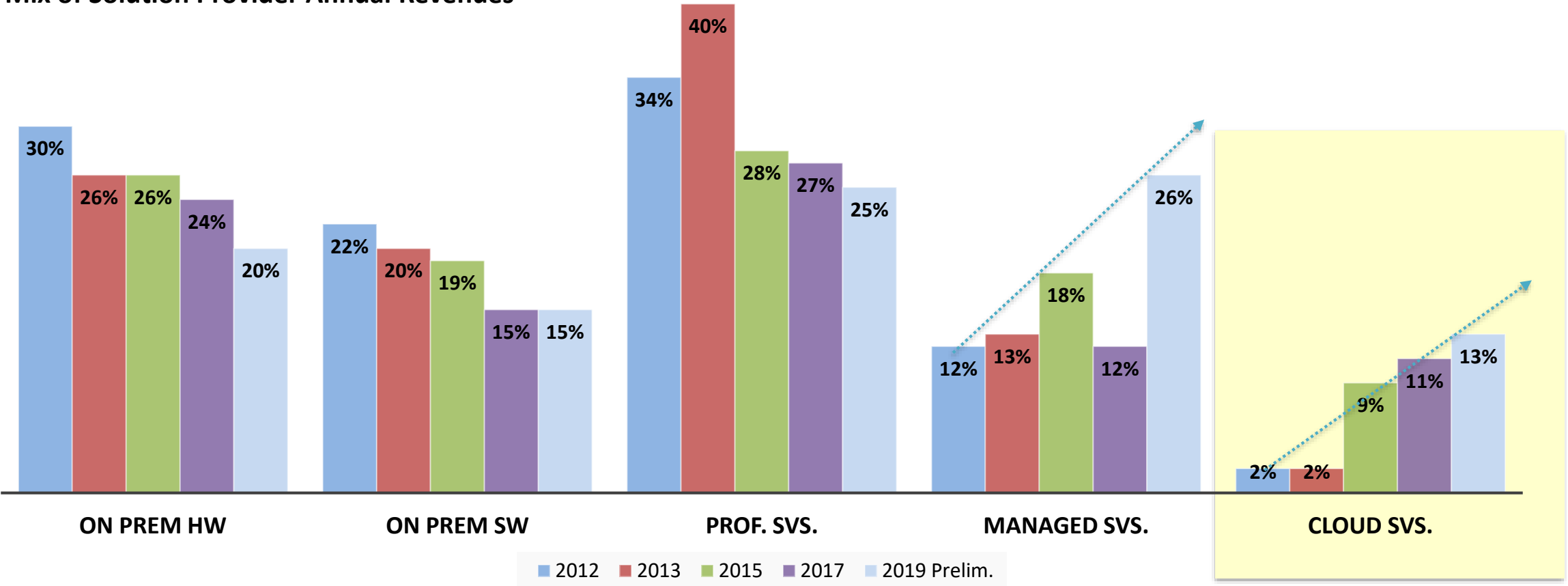
Allen Falcon

Chief Executive Officer
& Pragmatic Cloud Evangelist

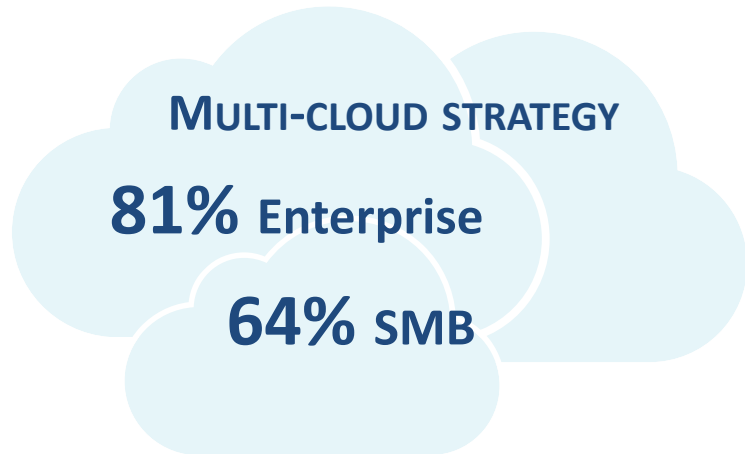


Cloud Quickly Becoming a Meaningful Revenue Stream for Solution Providers

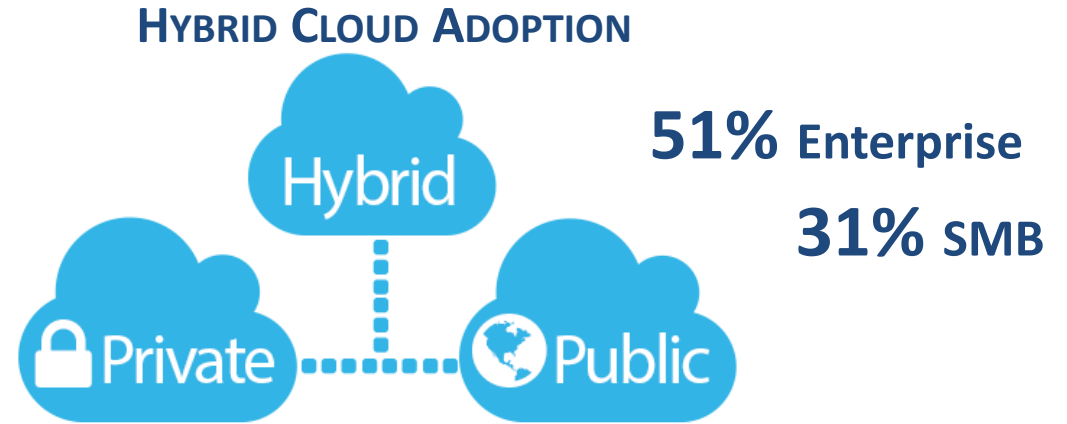
Mix of Solution Provider Annual Revenues



State of Cloud Adoption



3.1 clouds + 1.7 experimenting = **4.8 clouds**



CLOUD SPENDING

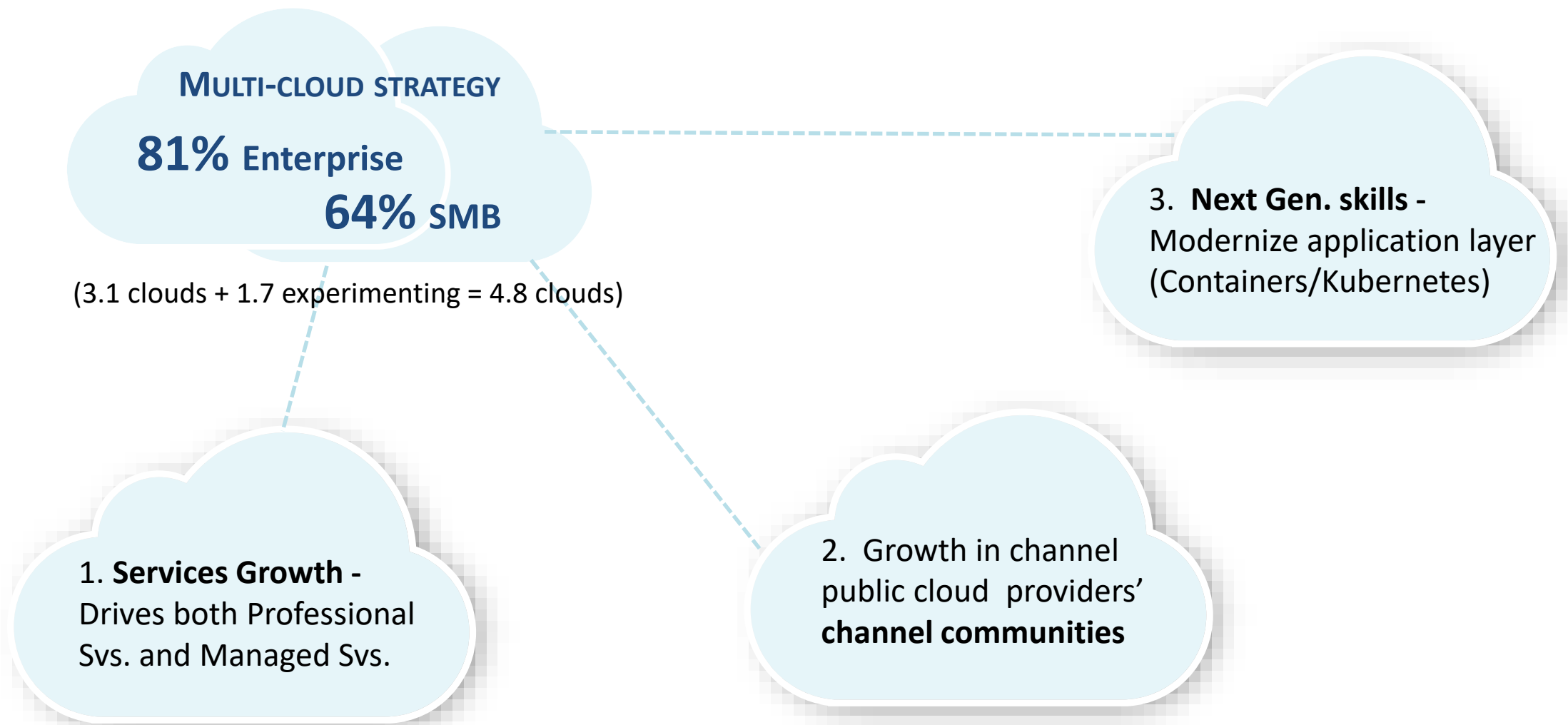
Plans to increase public cloud spend **>20%**

71% Enterprise

62% SMB



Trend #1: Multi-Cloud and Hybrid IT Environments Now Defacto

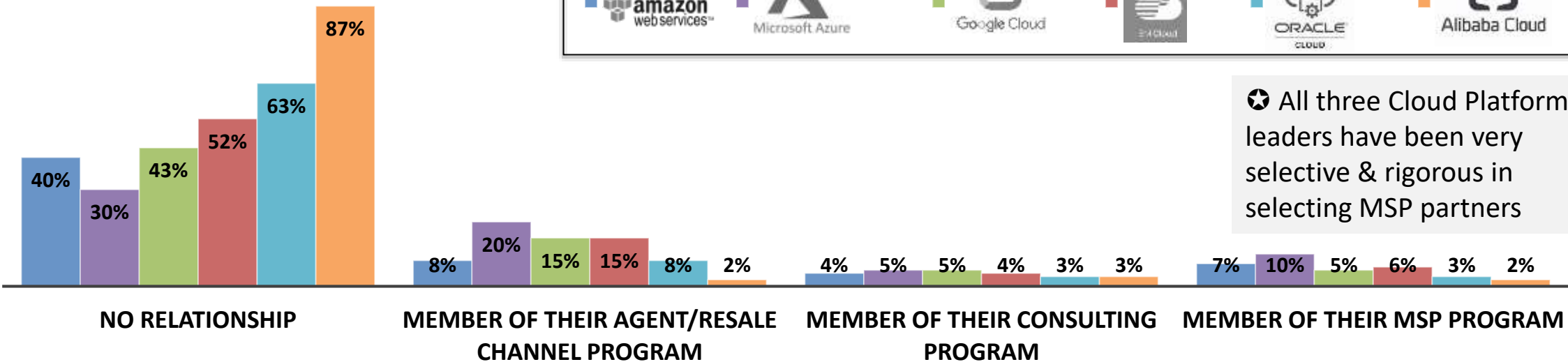


Growth in Public Cloud Channel Communities

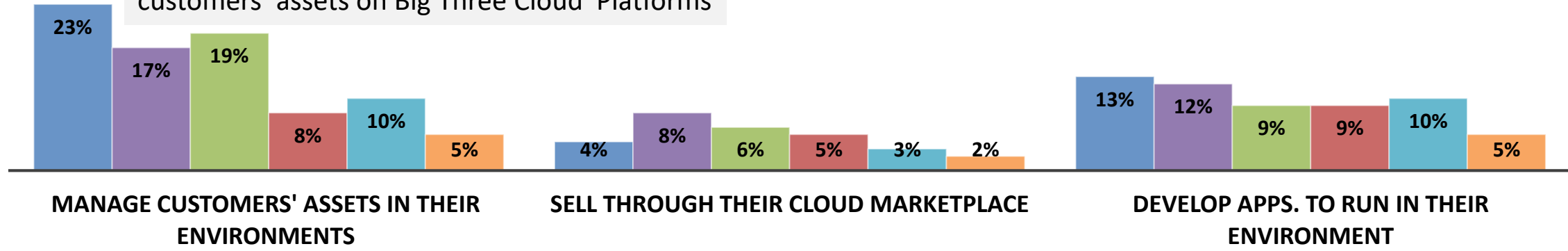
🌟 In 2015, 65% of SPs had no relationship with a leading IaaS/cloud provider



🌟 All three Cloud Platform leaders have been very selective & rigorous in selecting MSP partners



🌟 ~ 20% of respondents are managing customers' assets on Big Three Cloud Platforms



Source: IPED, 2019 Channel Census (Prelim.)

Q: What is your company's current relationship with these categories of tier one Infrastructure as a Service (IaaS) cloud platform organizations? Please select one relationship type for each (N=230)

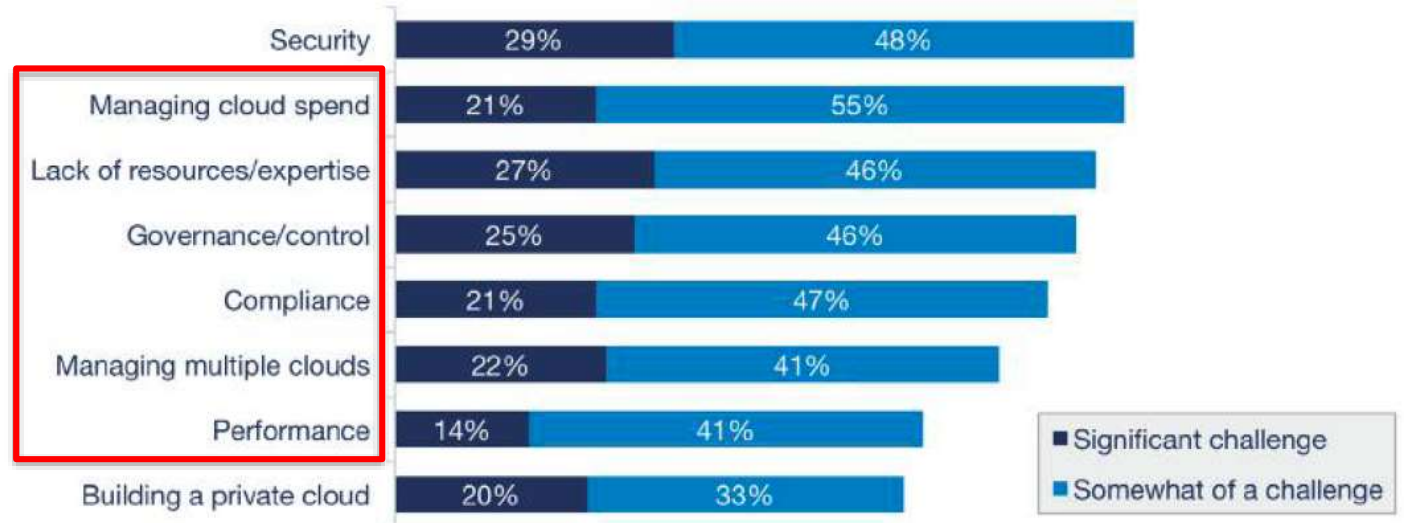
Trend #2: Shift to Cloud Management, Adoption and Cost Containment

Points to need for increased cloud asset, cost and utilization management

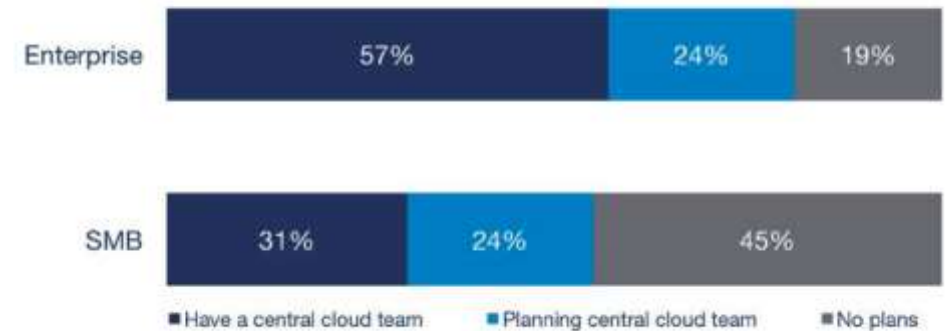


Centralized cloud team or a “Center of Excellence” to increase adoption and controls & reduce costs

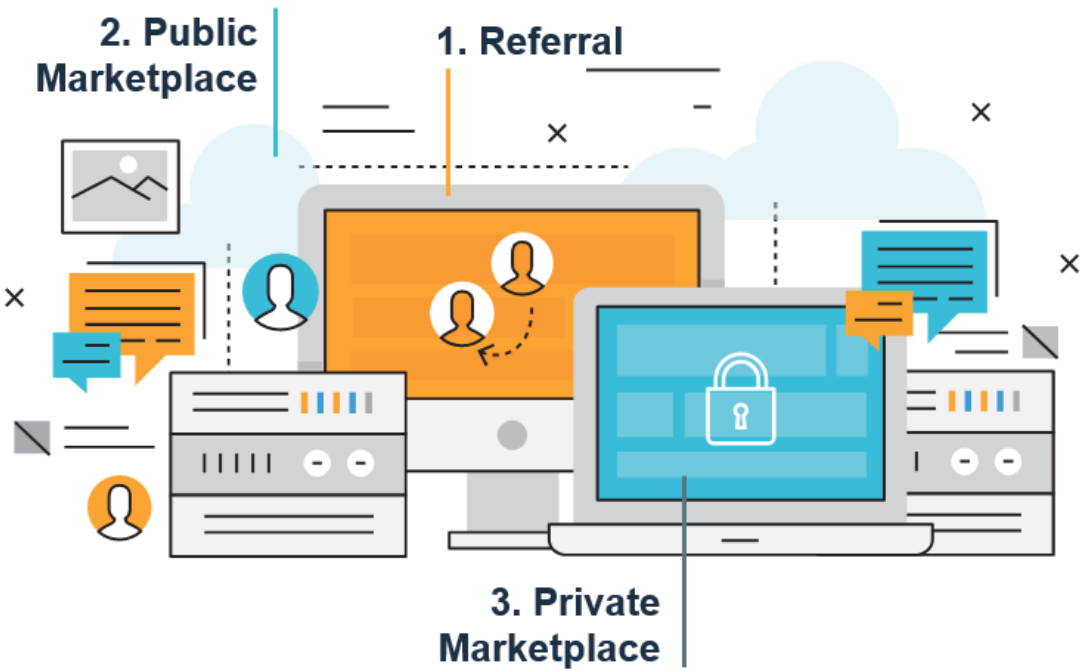
Cloud Challenges



Central Cloud Team by Company Size



Trend #3: Cloud Marketplaces Gaining Momentum



1. Marketplaces are forcing traditional solution providers to build repeatable services & be able to convert from trial service to ongoing MRR contract

aws marketplace
1,400 participating ISVs and 4,200 products

Windows Azure Marketplace
>7500 services
Access by >95% of F500 companies

2. Unclear on Marketplace value for end-user fulfillment efficiency vs. demand generation; vendors will need to help partners leverage their presence there as a new RTM/marketing opportunity

- ✓ Consulting Partner Private Offers
- ✓ Buy on Behalf Of Customers – Resale Incentives

Breadth of Services in Azure Marketplace: Consulting Services





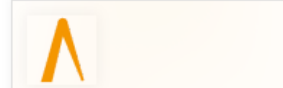





Azure Marketplace Apps **Consulting Services** Search Marketplace

Solution Areas

- Get Started**
- Analytics
- App Modernization
- Archive
- Artificial Intelligence
- Backup
- Big Data
- Data Platform
- Datacenter Management
- DevOps
- Disaster Recovery
- Identity
- Migration
- Networking
- Security
- Storage

Industries: All Service Types: Assessment Pricing Model: All Country/Region: All [Reset filters](#)

Consulting services results (146)

 Blockchain for Enterprise: 10-Day Assessment By Altoros App Modernization Networking Security \$5,000 Contact Me	 Infrastructure Capacity: 4-Day Assessment By Altoros Data Platform DevOps Migration \$10,000 (estimated) Contact Me	 Migration to Azure Cosmos DB: 10-Day Assessment By Altoros Big Data Data Platform Datacenter Mana... Free Contact Me	 Application Portfolio Evaluation: 2-Wk Assessment By Altoros Data Platform DevOps Migration \$15,000 (estimated) Contact Me	 Cloud Architecture: 4-Week Assessment By Agitare Technologies, Inc. App Modernization Networking Storage \$3,000 Contact Me
 Cloud Workload Cybersecurity: 3-Wk Assessment By Cloudneeti Datacenter Management Migration Secu... \$16,000 (estimated) Contact Me	 Azure Cloud Readiness: 2-Day Assessment By Merit Solutions App Modernization Datacenter Managem... \$2,500 Contact Me	 Cloud Strategy Engagement: 3 Day Assessment By Synergy Technical Datacenter Management Disaster Recover... \$5,000 Contact Me	 Azure Data Maturity: 3-Week Assessment By Decisive Data Analytics Big Data Data Platform \$19,500 Contact Me	 Azure Cloud Readiness: 2-Day Assessment (Remote) By Merit Solutions App Modernization Datacenter Managem... \$1,500 Contact Me

Supplier Considerations So what should you do about this?

- 1 Channel Training & Certifications** – must shift from “why” to “how” around hybrid IT and multi-cloud management skills
 - pre-sales architecture & consulting
 - data migration strategies
 - ongoing MSP management skills
- 2 Cloud Platform Alliances** – must declare your collaboration with cloud platforms, at the channel program, requirements and support level
- 3 Foster Sharing** - help partners benchmark their growing practices; cultivate sharing among emerging cloud & managed service providers
- 4 Build a Referral Process** - More partners will look like influencers; find a way to capture their influence & reward it





For More Information Contact:

Lisa Sabourin

Director of Engagements

C 561.339.5517

lsabourin@thechannelco.com

The Channel Company

thechannelco.com